

# **LAND BOARD**

# **ENDOWMENT BOARD**

## **Land Trust** Land Department

**Timber**

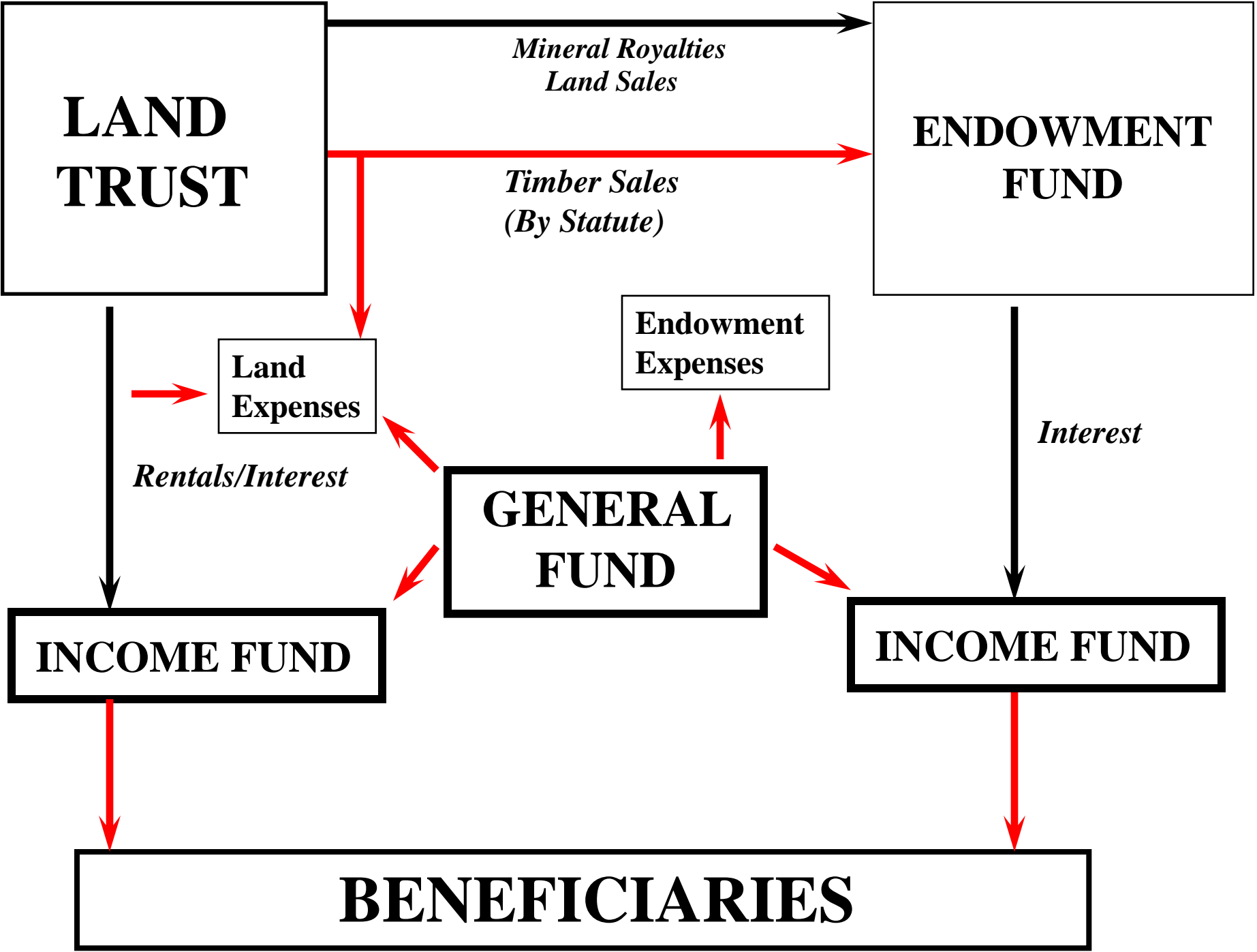
**Cottage  
Sites**

**Cropland  
Grazing Land**

**Minerals,  
etc.**

## **Financial Trust** Board Staff

**Endowment**



# LAND TRUST

## 2.5 million acres

### Distribution of Acres

Commercial Timberland	- 32.7%
Non-Commercial Timber	- 9.1%
Recreation and Cottage	- 0.1%
Grazing and Cropland	- 59.1%

**\$2.7 Billion**

**\$55.5 Million**



*Timber Sales*  
*Mineral Royalties*  
*Land Sales*

# ENDOWMENT FUND

Government Bonds	--	36.5%
Agency	--	15.5%
Convertibles	--	14.1%
Corporate Bonds	--	13.7%
Mortgages	--	10.0%
Cash and Other	--	10.3%

**\$585 Million**

*Rentals*  
**\$11.5 million**



*Interest*  
**\$35.9 million**



# BENEFICIARIES

Public School	Ag. College	Charitable Inst.
Normal School	Science School	Hospital South
University	Public Building	Penitentiary

**TOTAL VALUE - \$3.3 Billion**

**TOTAL DISTRIBUTED - \$47.4 Million**

# PROBLEMS TO ADDRESS

- NO CENTRAL ORGANIZATION
- NO POLICY CONTROL OVER DISTRIBUTIONS OR CASH FLOW
- UNDERPERFORMING ASSETS
  - Endowment Fund
  - Cropland, Grazing Land, Cottage Sites
- LACK OF DIVERSIFICATION, EXPOSURE TO VOLATILITY
- SHORT-TERM ORIENTATION

# PROPOSED SOLUTION

- CENTRALIZE OVERALL TRUST MANAGEMENT
  - Land Board Policy and Strategy Oversight
  - Endowment Board Report to Land Board
- EXPAND INVESTMENT FLEXIBILITY
  - Expand Endowment Beyond Fixed Income
- EXPAND MANAGEMENT FLEXIBILITY
  - Create Earnings Reserve As “Shock Absorber”
    - Use Timber Sale Money to Smooth Distributions
  - Create Land Bank for Land Management

# **LAND BOARD**

## **Strategic Policy**

**Distribution Policy, Asset Allocation, Investment  
Policy, Monitoring**

### **Land Trust**

**(Current Land Department)**

#### **Tactical Policy**

**Timber**

**Cropland  
Grazing Land**

**Cottage  
Sites**

**Minerals,  
etc.**

### **Financial Trust**

**(Current Endowment Board)**

#### **Tactical Policy**

**Earnings  
Reserve**

**Endowment**

**Land  
Bank**

